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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0150032
#4209
K

December 11, 2012

Kenneth Walker, Field Office Director
Office of Surface Mining
1999 Broadway, Suite 3320
Denver, CO 80202-3050

File in:

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Date Folder: 12/11/2012 C/ 0150032

Outgoing

Subject: Phase I Bond Release, Genwal Resources, Inc., Crandall Canyon Mine, East Mountain Project, C/015/0032, Task ID #4209

Dear Mr. Walker:

Enclosed is the Division's Decision Document for the Phase I bond release of the East Mountain Project at Genwal Resources Inc. Crandall Canyon Mine. Genwal Resources Inc. has requested bond release on approximately 11.89 acres and 60% reduction in the bond. The Division finds Utah American has met the regulatory requirements for Phase I bond release and recommends approval. We request the Office of Surface Mining's concurrence with this determination. A copy of the Phase I bond release inspection report is included in this package along with the documentation of events. Please provide your determination at your earliest convenience.

If you have any questions or need further information, please feel free to call me at (801) 538-5325 or Steve Christensen at (801) 538-5350.

Sincerely,

Daron Haddock
Coal Program Manager

DRH/SKC/ss

Enclosure

cc: Christine Belka, OSM Denver field office
Jay Marshall, UEI
Price Field Office

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Phase I Bond Release: East Mountain Project

Genwal Resources, Inc. Crandall Canyon Mine

C/015/0032

Emery County, Utah

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DECISION DOCUMENT

Phase I Bond Release: East Mountain Project
Genwal Resources, Inc. Crandall Canyon Mine
C/015/0032
Emery County, Utah

ACTION

Phase I bond release is requested for East Mountain Project area which consists of approximately 11.89 acres of disturbance. The Permittee has applied for bond reduction by 60% of three currently posted surety bonds. A summary of the bonds and requested relinquishment is as follows:

<u>BOND</u>	<u>Amount</u>	<u>Released</u>	<u>Remaining</u>
ISM-2952	\$286,196	\$171,718	\$114,478
ISM-2953	\$95,279	\$57,167	\$38,112
ISM-2954	\$25,800	\$15,480	\$10,320
TOTAL	\$407,275	\$244,365	\$162,910

BACKGROUND

East Mountain Project Area

On August 6th, 2007, a seismic event occurred at the Crandall Canyon Mine trapping miners underground. As part of the emergency efforts to rescue the trapped miners, a total of seven borehole sites were constructed and drilled from the surface to the underground workings below. In order to advance the holes, the construction of approximately 2 miles of access road was also required. The seven holes were drilled from August 7th through August 30th, 2007.

On September 7th, 2007, a meeting was held on-site with representatives from the Division of Oil, Gas and Mining (DOGM), State and Institutional Trust Lands Administration (SITLA), Bureau of Land Management (BLM), USDA Forest Service and Genwal Resources (Permittee). It was determined that DOGM would be the lead agency for coordinating the reclamation efforts as required by the various agencies/land-owners/stakeholders.

Reclamation Completed Prior to December 2007

Reclamation work on the pads and associated access roads could not be initiated until the drill holes had been plugged as required by BLM and SITLA. Hole plugging work was performed from October 10th to October 15th, 2007. The plugging operation was inspected and verified by representatives of DOGM and BLM (acting on behalf of SITLA). Immediately after the holes were plugged, reclamation began on the pads and access roads.

Scamp Excavation performed as much reclamation work as possible prior to the onset of winter. The work was done in areas that did not have a well hole that required closure.

Two road segments were reclaimed. One segment had been utilized to access a staging area. The second road segment was an abandoned section of the original road that had been inadvertently dozed in the early morning hours of the first night of rescue operations. The sections of road were on a relatively flat area and as such, there was minimal disturbance associated with them. Reclamation consisted of pulling material from the sides of the road (primarily topsoil) and re-grading to approximate original contour. The areas were then roughened and reseeded with a final seed mix approved by the agencies.

More substantial reclamation work was performed on a section of road located on SITLA land. It was agreed that the road was dangerous for future use as a result of limited visibility where the road topped over the crest of the ridgeline. The consensus was to realign this stretch of road to eliminate hazards and provide for a stable roadway for future reclamation use. Scamp Excavation proceeded to construct the new segment on the opposite side of the ridge top. After the new segment had been completed, the old segment of road was completely reclaimed. The out slopes were pulled back up into the road cut and approximate original contour was re-established. The area was roughened and seeded with a final seed mix.

Reclamation work also proceeded on a section of access road located on both SITLA and Forest Service land. As done previously, the cut material was pulled up from the out slopes and placed against the bank of the in slopes. Water bars were installed to direct runoff and sediment controls (excelsior logs) were installed at the outlet sections of the water bars. The re-contoured slopes were then re-seeded.

Pad #3 was the first pad to be reclaimed. Using two track hoes and a dozer, material was pulled from the out slopes, with the lower hoe casting material to the upper hoe which, in turn, cast it to the upper part of the cut slope. The dozer spread the material. The site was restored to approximate original contour and was roughened (pocked) and seeded.

Reclamation continued further up-gradient to the next pad on the hill (Pad #4). Reclamation was achieved with the same techniques and equipment as Pad #3. The road segment from the lower Pad #4 to Pad #3 was also reclaimed.

Reclamation work continued on Pad #5 (the uppermost pad) utilizing the same techniques as the previous pads. Pad #7 was also reclaimed. Pad #7 was an extension of Pad #2 and reclaimed as well. The spur road leading to Pad #5 was also reclaimed.

On November 8, 2007, an on-site meeting was held involving representatives from DOGM, SITLA, BLM, Forest Service, Scamp Excavation and Genwal Resources in order to determine if the reclamation efforts accomplished to date were satisfactory to the various state and federal agencies. The outcome of the meeting was that all parties agreed that Pads #3, #4 (and associated access road), #5 (and associated access road), #7 and the re-routed segment of

SITLA road had been adequately reclaimed pending the determination of re-vegetation success in the future.

Based upon aerial surveys conducted by Olympus Aerial Survey, approximately 7.91 acres were originally disturbed. In 2007, approximately 3.99 acres had been reclaimed (again, pending re-vegetation success).

Reclamation Completed 2008 to Present

Much of the reclamation work discussed above was completed with no formal reclamation plan in place due to the extraordinary circumstances associated with the collapse and subsequent rescue operation. In 2008, a formal written reclamation plan was approved by DOGM. The approved plan was used for the remainder of the outstanding reclamation work and was essentially an extension of the reclamation work that had already been done (i.e. utilizing the same techniques for establishing approximate original contour and vegetation success as described above).

The following areas were reclaimed from the 2008 construction season to the present:

- 1) Drillpad #2 and access road.
- 2) Drillpad #6 and access road.
- 3) The remainder of access road from the ledge to the top of the mountain.
- 4) The remaining segment of SITLA road.
- 5) The remaining portions of the Forest Service road.

Reclamation Completed in 2012

There were several areas, which as recently as the 2012 construction season, required additional reclamation work.

In the spring of 2011 a slope failure occurred just below Pad #6. The slide is approximately 50' wide by 250' long. Based on subsequent inspections, the slide has not moved since initially observed in 2011. In 2011, eighteen excelsior logs were installed in three rows of 6 logs each above the head of the slide. The logs were installed to reduce the velocity of overland flow prior to reaching the slide. Based upon the amount of material that accumulated in the excelsior logs, it appears that they performed as planned/designed.

In August and September of 2012, additional excelsior logs were installed on the slide area itself. A total of 29 ten foot excelsior logs were installed in 9 rows approximately 15 feet apart on the contour. In addition, eight small pine trees were transplanted at the top of the slide area to help the long-term stabilization of the area. Russian Thistle was removed and the entire slide area was re-seeded.

A pre-existing hiking trail was re-established during the 2012 construction season. The

alignment of the East Mountain Trail (#085) was constructed across the SITLA portion of the project area. An existing game trail was improved slightly to allow for foot traffic to cross between the existing undisturbed trail and onto the USFS reclaimed road. Initial discussions were that the trail would run across the reclaimed portion of the SITLA property. It was determined that re-disturbing the reclaimed SITLA road was a less desirable option as opposed to relocating the trail onto an existing game trail to the west. SITLA, the Forest Service and DOGM were in agreement with this approach. The work was completed during the 2012 construction season.

Portions of the remaining USFS road reclaimed in 2012 had to be re-opened in order to provide access for material and supplies required for rehabilitation work on the slide area discussed above. The road was re-opened with a 48" mini-track. Once the work on the slide area was concluded, the re-opened road was reclaimed. The reclamation consisted of essentially narrowing the width of the trail from 48" to approximately 24" to 36". The area was then re-seeded.

At the access point to the entire project area, a red gate and apron fencing was installed to prevent unauthorized traffic from entering the area. The existing gate and fence will be removed and large boulders will be placed across the beginning of the Forest Service Road. The boulders are to prevent unauthorized ATV access to hiking trail #085.

CHRONOLOGY

June 19, 2012	Genwal Resources, Inc. sends notification letters to local governments, planning agencies, surface owners, subsurface owners and area stakeholders notifying them of the proposed bond release: Steve Rigby- BLM; John Blake- SITLA; Allen Rowley- Manti- LaSal National Forest; Jeff Horrocks- Emery County Commissioner; Emery County Water Conservation District; Huntington Cleveland Irrigation Company; North Emery Water Users; Cottonwood Creek Irrigation Company
June 19, 2012- July 10, 2012	Public notice- 4 consecutive weeks in Emery County Progress
June 21, 2012	Genwal Resources, Inc. submits Phase I bond release application for the East Mountain Project.
July 31, 2012	DOGM returns the application denied/deficient (Task ID #4136).
August 9, 2012	Public comment period closes: DOGM receives no comments.
September 14, 2012	Genwal Resources, Inc re-submits Phase I bond release application for the East Mountain Project.
October 2, 2012	DOGM sends letters of invitation for the bond release inspection to be held October 10 th , 2012 to: Tom Faddies- SITLA; Jeff Horrocks- Emery County Commisioner; Allen Rowley- Manti- LaSal National Forest; Patricia Clabaugh- BLM; Jay Marshall- Genwal Resources, Inc.; Christine Belka- Office of Surface Mining; Kenneth Walker- Office of Surface Mining.
October 10, 2012	Phase I Bond Release inspection conducted. In attendance: Priscilla Burton- DOGM; Daron Haddock- DOGM; James Owen- DOGM; Scott Bartlett- SITLA; Sue Wiler- BLM;

Kyle Beagley- Manti-LaSal National Forest;
Jay Marshall- Genwal Resources, Inc.

November 7, 2012	DOGM receives BLM concurrence letter for Phase I bond release.
November 13, 2012	DOGM requires the application to be modified to correct some minor deficiencies. (Task ID #4163).
November 27, 2012	Genwal Resources, Inc re-submits Phase I bond release application for the East Mountain Project.
December 10, 2012	DOGM approves the Phase I bond release application (Task ID #4209).

SUMMARY OF FINDINGS

The Phase I bond release was advertised for four consecutive weeks. No comments were received during the public comment period. A bond release inspection was conducted on October 10th, 2012. No outstanding issues were identified. The technical analysis and inspection report for Phase I bond release for the East Mountain Project is attached.

PHASE I BOND RELEASE RECOMMENDATION

The recommendation is that the Division approves Phase I bond release for the area. The Phase I bond release application is for Sureties ISM-2952, ISM-2953, and ISB-2954.

A summary of the bonds and requested relinquishment is as follows:

<u>BOND</u>	<u>Amount</u>	<u>Released</u>	<u>Remaining</u>
ISM-2952	\$286,196	\$171,718	\$114,478
ISM-2953	\$ 95,279	\$ 57,167	\$ 38,112
ISB-2954	\$ 25,800	\$ 15,480	\$ 10,320
TOTAL	\$407,275	\$244,365	\$162,910

The amount requested for relinquishment is 60% of the total posted bond. This is in accordance with The Division tech directive # 006, which states that DOGM shall review, revise and approve the recalculated bond amount as necessary in order to determine the amount of bond to be retained and the amount of bond to be released.

Based upon the October 10th, 2012 field inspection and subsequent review of the approved MRP requirements relative to the reclamation requirements for the East Mountain Project Area, the Permittee has successfully backfilled and re-graded the disturbed area (including the replacement of topsoil) and established drainage control measures.

State of Utah



Coal Regulatory Program

Phase I Bond Release
Crandall Canyon Mine
Genwal Resources, Inc.
Technical Analysis- East Mountain Project Area
December 10, 2012

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TECHNICAL ANALYSIS DESCRIPTION

The following Technical Analysis is for the East Mountain Project at the Crandall Canyon Mine site. Genwal Resources, Inc. (the Permittee) submitted an application for Phase I Bond release. The bond release is for the areas associated with the emergency drill holes and access roads that were constructed as a result of the disastrous mine-collapse (August 6th, 2007) and subsequent search/rescue efforts that followed. The disturbed acreage that Permittee is seeking Phase I bond release is 11.89 acres.

Reclamation work was initiated immediately following the end of the search/rescue effort. On September 7th, 2007, a meeting was held on-site with representatives from the Division of Oil, Gas and Mining (DOGM), State and Institutional Trust Lands Administration (SITLA), Bureau of Land Management (BLM), USDA Forest Service and Genwal Resources (Permittee). It was determined that DOGM would be the lead agency for coordinating the reclamation efforts as required by the various agencies/land-owners/stakeholders.

Reclamation Completed Prior to December 2007

Reclamation work on the pads and associated access roads could not be initiated until the drill holes had been plugged as required by BLM and SITLA. Hole plugging work was performed from October 10th to October 15th, 2007. The plugging operation was inspected and verified by representatives of DOGM and BLM (acting on behalf of SITLA). Immediately after the holes were plugged, reclamation began on the pads and access roads.

Scamp Excavation performed as much reclamation work as possible prior to the onset of winter. The work was done in areas that did not have a well hole that required closure.

Two road segments were reclaimed. One segment had been utilized to access a staging area. The second road segment was an abandoned section of the original road that had been inadvertently dozed in the early morning hours of the first night of rescue operations. The sections of road were on a relatively flat area and as such, there was minimal disturbance associated with them. Reclamation consisted of pulling material from the sides of the road (primarily topsoil) and re-grading to approximate original contour. The areas were then roughened and reseeded with a final seed mix approved by the agencies.

More substantial reclamation work was performed on a section of road located on SITLA land. It was agreed that the road was dangerous for future use as a result of limited visibility where the road topped over the crest of the ridgeline. The consensus was to realign this stretch of road to eliminate hazards and provide for a more permanent roadway for future use. Scamp Excavation proceeded to construct the new segment on the opposite side of the ridge top. After the new segment had been completed, the old segment of road was completely reclaimed. The

out slopes were pulled back up into the road cut and approximate original contour was re-established. The area was roughened and seeded with a final seed mix.

Reclamation work also proceeded on a section of access road located on both SITLA and Forest Service land. As done previously, the cut material was pulled up from the out slopes and placed against the bank of the in slopes. Water bars were installed to direct runoff and sediment controls (excelsior logs) were installed at the outlet sections of the water bars. The re-contoured slopes were then re-seeded.

Pad #3 was the first pad to be reclaimed. Using two track hoes and a dozer, material was pulled from the out slopes, with the lower hoe casting material to the upper hoe which, in turn, cast it to the upper part of the cut slope. The dozer spread the material. The site was restored to approximate original contour and was roughened (pocked) and seeded.

Reclamation continued further up-gradient to the next pad on the hill (Pad #4). Reclamation was achieved with the same techniques and equipment as Pad #3. The road segment from the lower Pad #4 to Pad #3 was also conducted.

Reclamation work continued on Pad #5 (the uppermost pad) utilizing the same techniques as the previous pads. Pad #7 was also reclaimed. Pad #7 was an extension of Pad #2 and reclaimed as well. The spur road leading to Pad #5 was also reclaimed.

On November 8th, 2007, an on-site meeting was held involving representatives from DOGM, SITLA, BLM, Forest Service, Scamp Excavation and Genwal Resources in order to determine if the reclamation efforts accomplished to date were satisfactory to the various state and federal agencies. The outcome of the meeting was that all parties agreed that Pads #3, #4 (and associated access road), #5 (and associated access road), #7 and the re-routed segment of SITLA road had been adequately reclaimed pending the determination of re-vegetation success in the future.

Based upon aerial surveys conducted by Olympus Aerial Survey, approximately 7.91 acres were originally disturbed. In 2007, approximately 3.99 acres had been reclaimed (again, pending re-vegetation success).

Reclamation Completed 2008 to Present

Much of the reclamation work discussed above was completed with no formal reclamation plan in place due to the extraordinary circumstances associated with the collapse and subsequent rescue operation. In 2008, a formal written reclamation plan was approved by DOGM. The approved plan was used for the remainder of the outstanding reclamation work and was essentially an extension of the reclamation work that had already been done (i.e. utilizing the same techniques for establishing approximate original contour and vegetation success as described above).

The following areas were reclaimed from the 2008 construction season to the present:

- 1) Drillpad #2 and access road.
- 2) Drillpad #6 and access road.
- 3) The remainder of access road from the ledge to the top of the mountain.
- 4) The remaining segment of SITLA road.
- 5) The remaining portions of the Forest Service road.

Reclamation Completed in 2012

There were several areas, which as recently as the 2012 construction season, required additional reclamation work.

In the spring of 2011 a slope failure occurred just below Pad #6. The slide is approximately 50' wide by 250' long. Based on subsequent inspections, the slide has not moved since initially observed in 2011. In 2011, eighteen excelsior logs were installed in three rows of 6 logs each above the head of the slide. The logs were installed to reduce the velocity of overland flow prior to reaching the slide. Based upon the amount of material that accumulated in the excelsior logs, it appears that they performed as planned/designed.

In August and September of 2012, additional excelsior logs were installed on the slide area itself. A total of 29 ten foot excelsior logs were installed in 9 rows approximately 15 feet apart on the contour. In addition, eight small pine trees were transplanted at the top of the slide area to help the long-term stabilization of the area. Russian Thistle was removed and the entire slide area was re-seeded.

A pre-existing hiking trail was re-established during the 2012 construction season. The alignment of the East Mountain Trail (#085) was constructed across the SITLA portion of the project area. An existing game trail was improved slightly to allow for foot traffic to cross between the existing undisturbed trail and onto the USFS reclaimed road. Initial discussions were that the trail would run across the reclaimed portion of the SITLA property. It was determined that re-disturbing the reclaimed SITLA road was a less desirable option as opposed to relocating the trail onto an existing game trail to the west. SITLA, the Forest Service and DOGM were in agreement with this approach. The work was completed during the 2012 construction season.

Portions of the remaining USFS road reclaimed in 2012 had to be re-opened in order to provide access for material and supplies required for rehabilitation work on the slide area discussed above. The road was re-opened with a 48" mini-track. Once the work on the slide area was concluded, the re-opened road was reclaimed. The reclamation consisted of essentially narrowing the width of the trail from 48" to approximately 24" to 36" as required by the Forest Service. The area was then re-seeded.

At the access point to the entire project area, a red gate and apron fencing was installed to prevent unauthorized traffic from entering the area. The existing gate and fence will be removed and large boulders will be placed across the beginning of the Forest Service Road. The boulders are to prevent unauthorized ATV access to hiking trail #085.

The Division of Oil, Gas and Mining (the Division) have reviewed the Phase I bond release application and recommend approval.

RECLAMATION PLAN

GENERAL REQUIREMENTS

Regulatory Reference: PL 95-87 Sec. 515 and 516; 30 CFR Sec. 784.13, 784.14, 784.15, 784.16, 784.17, 784.18, 784.19, 784.20, 784.21, 784.22, 784.23, 784.24, 784.25, 784.26; R645-301-231, -301-233, -301-322, -301-323, -301-331, -301-333, -301-341, -301-342, -301-411, -301-412, -301-422, -301-512, -301-513, -301-521, -301-522, -301-525, -301-526, -301-527, -301-528, -301-529, -301-531, -301-533, -301-534, -301-536, -301-537, -301-542, -301-623, -301-624, -301-625, -301-626, -301-631, -301-632, -301-731, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-732, -301-733, -301-746, -301-764, -301-830.

Analysis:

The Division finds that the General Requirements for Phase I bond release (per the approved mining and reclamation plan) meets the State of Utah R645-Coal Mining Rules.

The Division recommends approval for Phase I bond release for the approximately 9.5 acres of land on East Mountain (T 15 S, R 6E within Section 35 and T 16 S R 6 E and portions within Section 2 and 11). The amendment provided by the Permittee is identified as Attachment 18 (to be added to Appendix 5-22A of the approved MRP). The area includes land that was backfilled and seeded. A Phase I bond release inspection was made on October 10th, 2012 in accordance with R645-301-7880.100.

The Permittee has demonstrated that the reclamation plan requirements as approved by the Division were adhered to and that the requirements for Phase I bond release have been achieved.

Findings:

The Division finds that the General Requirement for the approved reclamation meet the State of Utah R645-Coal Mining Rules.

BACKFILLING, GRADING, AND APPROXIMATE ORIGINAL CONTOUR RESTORATION

Regulatory Reference: 30 CFR Sec. 784.15, 785.15, 785.16, 817.102, 817.107, 817.133; R645-301-234, -301-412, -301-413, -301-512, -301-531, -301-533, -301-553, -301-536, 301-537, -301-542, 301-552, -301-553, -301-731, -301-732, -301-733, -301-764.

Analysis:

In 2007, Scamp Excavation did as much reclamation as possible in other areas that did not require waiting for the plugging operations to finish. At the top of the mountain, immediately before dropping down the escarpment to the drill sites, two road segments were reclaimed.

Reclamation consisted of pulling material from the sides of the road, which was primarily topsoil, and re-grading the sites to approximate original contour. The areas were roughened and reseeded. During the rescue attempt MSHA had sent off a number of explosive shots. The areas where these shots had been set off had small craters associated with the explosive activities. These areas were reclaimed by regrading and reseeding.

A more substantial reclamation effort involved the SITLA road. The operator decided that a stretch of this road was dangerous for future use (such as continued access to the drill hole reclamation sites) because of obstructed visibility where it topped over the crest. This same stretch was also determined to be unstable since it would hold the large snowdrifts in the winter which would then saturate the un-compacted out slopes of the road in the spring melt. The consensus solution to the potential failure was to realign this stretch to eliminate the hazards and provide a roadway for future use.

Using track hoes, the out slopes were pulled back up into the road cut and approximate original contour was re-established. The area was roughened and reseeded. Work also proceeded on the remainder of the access road, involving both the SITLA and Forest Service sections. This included pulling material from the out slopes and placing it against the bank of the in slopes. In this manner, the out slopes and in slopes were both made less steep and were determined to be stable. Water bars were installed to direct runoff, and Excelsior logs were installed at the outlet sections of the water.

The first pad to be reclaimed was Pad #3 which is the lowermost site. Using two track hoes and a dozer, material was pulled from the out slopes, with the lower hoe casting material to the upper hoe which, in turn cast it to the upper part of the cut slope. The dozer also worked to help spread the material. The site was restored to approximate original contour and was then roughened (pocked) in preparation for applying seed mix.

Reclamation work then progressed up to pad #4. Reclamation followed a pattern similar to pad #3, re-grading to approximate original contour, pocking, and reseeding. Reclamation also

included the road segment from pad #4. Reclamation then began on pad # 5, which is the uppermost pad, using the same techniques as on the lower pads. The crews then moved to pad # 7, which was an extension of pad #2, and reclaimed it as well. Finally the spur road leading into pad #5 was reclaimed.

All permanently reclaimed areas were reseeded with a final seed mix, and a matting of wood straw was applied. As part of the interim reclamation water bars were also installed along the access road. In 2007, 3.99 acres had been reclaimed, leaving 3.92 acres to be reclaimed in later.

In 2008 a final written approved reclamation plan was approved by DOGM. The approved written reclamation plan was used for the remainder of the work. The remainder of work to be done was essentially a continuation of the work that has already been done, using the techniques that have already been verbally agreed to, and which have meet with approval of all the agencies. The following areas were reclaimed and/or stabilized in 2008:

- Drill pad #2 and its access road
- Drill pad #6 and its access road
- The "Oops" Road
- The remainder of the access road from the ledge to the top of the mountain
- The SITLA road
- The Forest Service road

The primary focus of the 2008 construction season was the full reclallation of the drill pads and interconnecting roadwork. Upon consultation with the respective regulatory agencies, it was agreed that both the Forest Service and SITLA access road segments would not be reclaimed during the 2008 construction season. The road segments remained open to: (1) access the reclaimed drill pad areas in order to evaluate/monitor the success of the reclatnation effort and (2) based on the findings of the evaluation, provide access for machinery that may be required for additional earth work.

The application states that Pads 2 and 6 were reclaimed during the summer of 2008. The out slope from pad #2 was pulled down and used as backfill for pad #6. Some of the out slope material below pad #6 was pulled back up to the pad, but most of this outs lope material was loaded by backhoes into rock trucks and hauled back up the hill to be used as backfill for both pads #2 and #6. Reclamation of the pads 2 and 6 and the "oops" road areas was done to re-establish approximate original contour. Stability of the reclaimed pads was achieved by compacting the backfill in 18"-24" lifts using a sheeps-foot mechanical compactor and/or wheel-roll compaction

Because the reclamation was done in early summer, the backfilled material contained sufficient moisture to optimize compaction. The backfill material was the original native material which contains a large proportion of boulder sized material which will help promote a high

factor of stability (>1.3) to the compacted slopes. After the backfilling and grading operations was complete the site was roughened with pocks similar in size and spacing as those placed in the previously reclaimed pad areas.

In the spring of 2011 a slope failure occurred on SITLA land, just below pad #6. The slide crossed the "oops" road and the access road below. During a DOGM inspection, it was determined that the slope failure observed could be classified as a circular arc rotational slip. The failure appeared to remain partially unrestrained which could lead to additional slope failure along the rupture surface.

A combination of saturation along with the weight of winter snow pack was determined to be the most likely cause of the initial failure and would be the most likely cause of additional failure. The slope could not be stabilized through earthwork, bolting, or other physical ground control methods. The original cut-slope was simply too steep and was not designed to the emergency status during its construction. DOGM's recommendations were to attempt to stabilize the slope through sediment control measures and vegetation establishment efforts. If vegetation can be established the slope may stabilize completely. Annual monitoring was requested at various points within the failure as a method of tracking future failures and success of stabilization. Photos will also be required as a part of monitoring. A GPS waypoint was taken at the head of the slide.

The toe of the slide is adjacent to a seep that emanates up slope, east of the slide. The slide is approximately 50' wide by 250' long. It does not appear that the slide has moved since the initial movement in 2011. In 2011, eighteen excelsior logs were installed in three rows of 6 logs above the head of the slide.

In August and September of 2012, according to DOGM requirements additional excelsior logs were installed on the slide area. The excelsior logs were placed to retain water to help re-establish vegetation for the purpose of long term stability of the slope failure. A total of 29 ten foot excelsior logs were installed in 9 rows approximately 15 feet apart on the contour. The logs were staked in place. Eight small pine trees were transplanted at the top of the slide area to help the long term stabilization. Russian thistle was removed from the disturbed area.

Findings:

The Division finds that the Backfilling, Grading and Approximate Original Contour requirements of the State of Utah R645-Coal Mining Rules have been met.

MINE OPENINGS

Regulatory Reference: 30 CFR Sec. 817.13, 817.14, 817.15; R645-301-513, -301-529, -301-551, -301-631, -301-748, -301-765, -301-748.

Analysis:

No reclamation work could be done on the pads and connector roads until the drill holes had been plugged as required by BLM and SITLA. The drilling company was contacted about the plugging work in early September of 2007. On October 4, the drilling company began work but due to weather delays and equipment problems, plugging operations did not actually begin until October 12. Hole plugging work was completed by October 15.

Plugging operations were inspected and verified by designated representatives of DOGM (acting on behalf of SITLA) and BLM. Immediately after the holes were plugged and the drilling company had moved off the site, reclamation of the pads began.

Findings:

The Division finds that the Mine Opening requirements of the State of Utah R645-Coal Mining Rules have been met.

TOPSOIL AND SUBSOIL

Regulatory Reference: 30 CFR Sec. 817.22; R645-301-240.

Analysis:

Redistribution

The requirements for Phase I bond release are outlined in R645-301-880.310.

The disturbed acreage to receive bond release is 11.98 acres as reported on page 1-10 of Chapter 1 of the MRP. No topsoil was salvaged during the emergency.

In 2007, the fill was replaced at drill locations #3, #4, #5, and #7, using track hoes and dozers and compacting the soil in 18 -24 inch lifts. The re-graded soil was seeded with the final mix (Attachment 7 of App. 5-22(a)) and mulched with wood straw [Attach 8 of App. 5-22(a)]. Pads #3, #4, #5, #7 and a re-routed segment of the SITLA road were reclaimed in 2007 immediately after disturbance (App 5-22(a)(1)). Inspection reports #1427, #1432, #1441, #1454, #1459 follow the progress of the 2007 work.

In 2008, pads #2 and #6 and the access road off the west side of the East Mountain ridge were reclaimed using track hoes, dozer and rock trucks (as described on page 7 of the application). A French drain was retained across the reclaimed access road in a location of a seep halfway between reclaimed drill pad #6 and #4. Excelsior logs were placed across the slope in a topographically low point across the access road just east of pad #6. Excelsior logs were maintained along the temporary access road across East Mountain ridge. Inspection reports #1716, #1771, #1757, #1733, #1727 follow the progress of the 2008 work. The Permittee did not provide as built surveys, maps or geotechnical analysis for the SITLA road as described in Appendix 5-22(a)

In 2010, a site visit with all agencies present (USFS, SITLA, DOGM) confirmed that the reclamation of the drill sites was stable and the temporary access road could now be reclaimed (Inspection Report #2093). Sediment controls were maintained along the access road, but reclamation work was not completed in 2010. Inspection reports #2070, #2093, #2175, #2405 follow the site in 2010.

In the Spring 2011, a slide below pad #6, across the reclaimed access road was observed. (The location of the slide is indicated on Map #1 provided with the application.) Excelsior logs were placed at the head of the slide in the fall of 2011 and the temporary access road along the East Mountain ridge was reclaimed and French drains were removed all the way back to its intersection with Forest Rd #244 in the fall of 2011. (As built mapping described on page 12 of App 5-22(a) was not completed.) The reclaimed roadway was pocked and seeded, but there was no time to spread wood straw before snowfall made the site inaccessible. Inspection reports #2842, #2883, #2905 follow the progress of the 2011 work.

In August 2012, the slide area (identified as the excelsior log area on Map #1) was further stabilized (as described on page 10 of the application), thistle was manually controlled on the reclaimed slope of Pad #2 and Pad #6, subsidence cracks (first noted in 2002) were filled on the east mountain ridge, the hiking trail was completed across the ridge to connect with the existing trail #085 on either end of the disturbance, the re-affected portion of the road was pocked and reseeded, and wood straw was scattered. The access gate was replaced with boulders and the parking area was roughened and reseeded. Inspection reports #3148, #3169, #3194, #3210, #3224, and #3227 follow the progress of the 2012 work.

Findings:

The Division finds that the Redistribution requirements for Topsoil and Subsoil Redistribution meet the requirements of the State of Utah R645-Coal Mining Rules.

ROAD SYSTEMS AND OTHER TRANSPORTATION FACILITIES

Regulatory Reference: 30 CFR Sec. 701.5, 784.24, 817.150, 817.151; R645-100-200, -301-513, -301-521, -301-527, -301-534, -301-537, -301-732.

Analysis:

The Division finds that the Road Systems and Other Transportation Facilities requirements of the State of Utah R645-Coal Mining Rules have been met.

The access roads associated with the drill sites which were not to be retained under an approved postmining land use were reclaimed in accordance with the approved reclamation plan as soon as was practicable after they were no longer needed for reclamation operations.

This reclamation included; reshaping cut and fill slopes as necessary to be compatible with the postmining land use and to complement the natural drainage pattern of the surrounding terrain; protecting the natural drainage patterns by installing dikes or cross drains as necessary to control surface runoff and erosion; and, scarifying or ripping the roadbed, replacing topsoil or substitute material and re-vegetating disturbed surfaces.

This includes the access roads to the drill pads, the "oops" road, the access road from the ledge to the top of the mountain, the SITLA road, and the Forest Service Road.

Findings:

The Division finds that the Road Systems and Other Transportation Facilities requirements of the State of Utah R645-Coal Mining Rules have been met.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 784.14, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-301-512, -301-513, -301-514, -301-515, -301-532, -301-533, -301-542, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-733, -301-742, -301-743, -301-750, -301-751, -301-760, -301-761.

Analysis:

Hydrologic Reclamation Plan

The Hydrologic Reclamation Plan requirements of the State of Utah R645-Coal Mining Rules have been met.

According to the bond release application, reclamation work on the access roads and drill pads included re-grading disturbed areas to original contours, pocking and gouging, re-seeding, and installing water bars and staked excelsior logs as necessary.

During reclamation, along the road that continues past pad #4 to the ledge above, a small seep was found. The seep was contained by laying drainage rock and a perforated drain pipe from the seep, across the road, day-lighting onto native land on the downhill side of the road. The drainage rock was covered with geo-textile. The road was then reclaimed and re-seeded.

At the slide area just below pad #6 the applicant has attempted to stabilize the site by installing a total of 29 ten foot excelsior logs in 9 rows, approximately 15 feet apart. Small pine trees were transplanted at the top of the slide and the area was re-seeded. The slide has not appeared to move since the original 2011 slide. The excelsior logs appear to be effectively controlling drainage along the slide.

During the October 10th bond release inspection, all reclaimed areas appeared stable with no excessive erosion.

Findings:

The Hydrologic Reclamation Plan requirements of the State of Utah R645-Coal Mining Rules have been met.

STABILIZATION OF SURFACE AREAS

Regulatory Reference: 30 CFR Sec. 817.95; R645-301-244.

Analysis:

The Division finds that the Stabilization of Surface Areas requirements of the State of Utah R645-Coal Mining Rules have been met.

Reclamation treatments included surface roughening by gouging and a surface application of wood straw. Seed and wood straw were hand distributed.

Findings:

The Division finds that the Stabilization of Surface Areas requirements of the State of Utah R645-Coal Mining Rules have been met.

MAPS, PLANS, AND CROSS SECTIONS OF RECLAMATION OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-323, -301-512, -301-521, -301-542, -301-632, -301-731.

Analysis:

The Division finds that the Maps, Plans and Cross Sections of Reclamation Operations requirements of the State of Utah R645-Coal Mining Rules have been met.

Map #1 and #2 were included with the application to depict the post-mining contours and the road and drill-pad locations. As-built final topography and post mining contour topographic maps are include on plates 1, 2, and 3 of Attachment 13 in the approved MRP.

An inspection of the site through DOGM staff has determined that the area has been returned to approximate original contour and that pre-contour conditions have been met as much as is feasible.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

The Division finds that the Bonding and Insurance Requirements of the State of Utah R645-Coal Mining Rules have been met.

The Phase I bond release application is for Sureties ISM-2952, ISM-2953, and ISB-2954.

A summary of the bonds and requested relinquishment is as follows:

BOND	Amount	Released	Remaining
ISM-2952	\$286,196	\$171,718	\$114,478
ISM-2953	\$ 95,279	\$ 57,167	\$ 38,112
ISB-2954	\$ 25,800	\$ 15,480	\$ 10,320
TOTAL	\$407,275	\$244,365	\$162,910

The amount requested for relinquishment is 60% of the total posted bond. This is in accordance with The Division tech directive # 006, which states that DOGM shall review, revise and approve the recalculated bond amount as necessary in order to determine the amount of bond to be retained and the amount of bond to be released. If it is determined that the current bond amount is inadequate and the remaining costs exceed what is currently held by the Division, the

Division may require an increase to the bonding sum rather than a partial reduction of the dollar value of the bond. It may be possible to release partial liability on lands reclaimed without actually reducing the dollar sum. Phase I bond release shall in no case exceed 60% of the bond for the applicable area.

Findings:

The Division finds that the Bonding and Insurance requirements of the State of Utah R645-Coal Mining Rules have been met.

O:\015032.CRA\East Mountain Phase I Bond Release\Decision Documents\WG4209_TA.doc

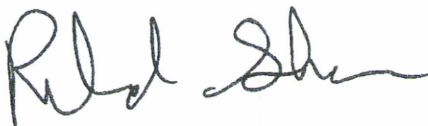
AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

SS.

County of Emery,)

I, Richard Shaw, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State of Utah and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and on the Utah legals.com website; the first publication was on the 19th day of June, 2012, and that the last publication of such notice was in the issue of such newspaper dated the 10th day of July, 2012.



Richard Shaw - Publisher

Subscribed and sworn to before me this 10th day of July 2012.



Notary Public My commission expires January 10, 2015 Residing at Price, Utah

Publication fee, \$ 456.00



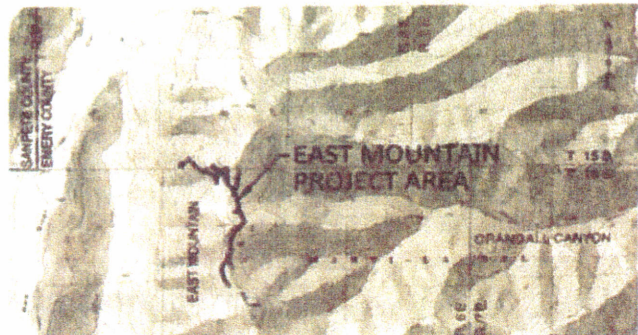
PUBLIC NOTICE

APPLICATION FOR PHASE I BOND RELEASE EAST MOUNTAIN PROJECT UTAHAMERICAN ENERGY, INC. PERMIT C/015/032 EMERY COUNTY, UTAH

Notice is hereby given that UtahAmerican Energy, Inc., 153 Highway 7 South, Powhatan Point, Ohio 43942, with David Hibbs as Resident Agent, P.O. Box 910, East Carbon, Utah 84520, has filed an application with the Utah Department of Natural Resources, Division of Oil, Gas and Mining for a Phase I bond release on reclaimed lands currently in Permit C/015/032, Reclamation Agreement dated March 14, 1995, Addendum dated December 21, 2007. The area affected has been reclaimed pursuant to R645-301-880, 310 and is located in Emery County, Utah. Phase I reclamation began in the fall of 2007. The reclamation included backfilling and grading to AOC, and drainage control and was completed in September of 2011. The area of Phase I bond release is as follows and contains approximately 9.5 acres:

Township 15 South, Range 6 East, Salt Lake Base & Meridian
Areas Contained within Section 35 (As shown on the attached Map)

Township 16 South, Range 6 East, Salt Lake Base & Meridian
Areas Contained within Section 2 (As shown on the attached Map)



The Phase I bond release application is for Sureties #ISM-2952, ISM 2953 and ISB 2954. A summary of the bonds and requested relinquishment is as follows:

BOND	Amount	Released	Remaining
ISM-2952	\$286,196	\$171,718	\$114,478
ISM 2953	\$ 95,279	\$ 57,167	\$ 38,112
ISB 2954	\$ 25,800	\$ 15,480	\$ 10,320
TOTAL	\$407,275	\$244,365	\$162,910

Written comments, objections and requests for an informal conference on this proposal may be addressed to:

Utah Coal Program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Closing date for submission of such comments, objections and requests for an informal conference on this proposal must be submitted within 30 days of the last publication.
Published in the Emery County Progress June 19, 26, July 3 and 10, 2012.



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Inspection Report

Permit Number:	C0150032
Inspection Type:	BOND RELEASE
Inspection Date:	Wednesday, October 10, 2012
Start Date/Time:	10/10/2012
End Date/Time:	10/10/2012
Last Inspection:	Monday, September 10, 2012

Inspector: Priscilla Burton,

Weather: sun 60F

InspectionID Report Number: 3260

Accepted by: jhelfric

10/22/2012

Representatives Present During the Inspection:

OGM	Priscilla Burton
OGM	Daron Haddock
OGM	Ingrid Campbell
OGM	Amanda Daniels
OGM	James Owen
Company	Jay Marshall

Permitee: **GENWAL RESOURCES INC**

Operator: **GENWAL RESOURCES INC**

Site: **CRANDALL CANYON MINE**

Address: **PO BOX 910, EAST CARBON UT 84520-0910**

County: **EMERY**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

Current Acreages

6,295.06	Total Permitted
34.47	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- ☒ Federal
☐ State
☐ County
☐ Fee
☐ Other

Types of Operations

- ☒ Underground
☐ Surface
☐ Loadout
☐ Processing
☐ Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Phase I bond release inspection of the East Mountain reclamation with representatives from DOGM, SITLA, (Scott Bartlett), BLM (Sue Wiler) and USFS (Kyle Beagley) and UtahAmerican Energy (Jay Marshall). To identify the locations of access roads and pads mentioned in this report, refer to Maps 1 and 2 provided with the bond release application or Attachments #2 and #5 in Appendix 5-22A of the MRP.

Inspector's Signature:

Priscilla Burton

Priscilla Burton,

Inspector ID Number: 37

Date Thursday, October 11, 2012



Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.
 telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov

Permit Number: C0150032
 Inspection Type: BOND RELEASE
 Inspection Date: Wednesday, October 10, 2012

Inspection Continuation Sheet

Page 2 of 4

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Signs and Markers

USFS trail signs were installed by Kyle Beagley along the realigned East Mountain trail.

4.c Hydrologic Balance: Other Sediment Control Measures

Reclaimed access roads and reclaimed pads appeared to have no excessive erosion. The area within the slope failure has a number of excelsior logs installed perpendicular to the slope which appear to have effectively prevented loss of sediment.

9. Protection of Fish, Wildlife and Related Environmental Issues

Russian thistle was removed from the disturbed area. The spring emanating from the reclaimed access road (above pad 4) was flowing and there were many animal tracks in the mud.

10. Slides and Other Damage

A slope failure that occurred in 2011 was also inspected. The slope failure was classified as a circular arc rotational slip. The operator complied with DOGM's requirement to attempt to stabilize the slope through sediment control measures and vegetation establishment efforts. Annual monitoring was requested at various points within the failure as a method of tracking future failures and success of stabilization. Monitoring was taking place during the inspection. Additional excelsior logs were installed on the slide area. The excelsior logs were placed to retain water to help re-establish vegetation for the purpose of long term stability of the slope failure. A total of 29 ten foot excelsior logs were installed in 9 rows approximately 15 feet apart on the contour. The logs were staked in place. Of the seven small pine trees transplanted last month at the top of the slide, one had died, leaving six pine trees to help the long term stabilization.

12. Backfilling And Grading

It was determined that the drill pads and interconnecting roadwork were restored to approximate original contour and were properly roughened. The operator explained that the reclamation effort for pads 3, 4, 5, and 7 included one track hoe pulling material from the out slopes and casting it to another hoe which, in turn cast it to the upper part of the cut slope. For pads 2, 6 and the "oops" road, a trackhoe loaded rock trucks that hauled the fill up the access road to pads 2 and 6. Stability of the reclaimed pads was achieved by compacting the backfill in 18"-24" lifts using a sheeps-foot mechanical compactor and/or wheel-roll compaction. The backfilled material contained sufficient moisture to optimize compaction. The backfill material was the original native material which contains a large proportion of boulder sized material which will help promote a high factor of stability (>1.3) to the compacted slopes. After the backfilling and grading operations was complete the site was roughened with pocks.

The reclaimed SITLA road was stable. No evidence of moisture could be seen in the vicinity of the former French drain along this road.

13. Revegetation

Vegetation was well established on access roads and pad sites. Vegetation consisted mostly of grasses, but some forbs were present. Woody species were not included in the seedmix and very few volunteers were present on the reclaimed area. Very little weedy or undesirable species were present on the reclaimed site. One or two thistle plants were identified near the failure area. Phase I bond release does not have a requirement for vegetation to meet success standards. The vegetation on the reclaimed areas appears to be doing well and should meet requirements for phase II bond release. The permittee will have to explain why woody species were not included in the seed mix and how these areas will meet the land use needs.

14. Subsidence Control

The subsidence cracks on the ridge were filled in with adjacent soil. The small surface disturbance was seeded.

17. Other Transportation Facilities

SITLA and USFS representatives were satisfied with the trail construction and new alignment which leaves the reclaimed SITLA road at the location of the reclaimed subsidence along the ridge. The trail follows the west side of East Mountain through the trees and re-emerges on the East side of the ridge in the meadow by the reclaimed water truck road.

Crandall Canyon Mine Inspection Report #3260 Attachment

East Mountain Trail 085



Reclaimed staging area at red gate.



Trail emerges from trees on far right and crosses the meadow (reclaimed road is on the left of photo).



Former location of red gate



Trail within USFS managed lands



Scott Bartlett and Kyle Beagley install new trail signs



Point where new trail 085 diverges from reclaimed SITLA land onto west side of ridge.

Crandall Canyon Mine Inspection Report #3260 Attachment



Repaired subsidence crack where trail diverges.



Pad #2



Pad #5



Pad #6



Drill hole #1



Pad #7

Crandall Canyon Mine Inspection Report #3260 Attachment



Slide area across reclaimed road, below Pad #6



Reclaimed road from Pad #4 down to Pad #3



Pad #4



Pad #3



View of reclaimed slopes from Indian Creek.

Exhibit "A"
Legal Description
Federal

Bond Number _____

EXHIBIT "A"

Pursuant to R645-301- 820.110, the surety bond covers an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit. This area is identified as:

Map(s) showing the BONDED AREA within the approved PERMIT AREA :

See attached map

Legal description of BONDED AREA:

- 1) Crandall Cyn minesite: within NW $\frac{1}{4}$ and SW $\frac{1}{4}$ of Sec 5 T16S R7E
- 2) Rescue drillholes: within SE $\frac{1}{4}$ of Sec 35 T15S R6E and
within NW $\frac{1}{4}$ of Sec 2 T16S R6E
- 3) SITLA rescue road: within E $\frac{1}{2}$ of Sec 2 T16S R6E

The above described area shall be modified as necessary to correspond to an increase in the area disturbed as a result of an expansion of coal mining and reclamation operations. The described area may also be decreased as a result of partial reclamation.

RECEIVED

JUL 14 2008

DIV. OF OIL, GAS & MINING

PLATE #: 1-1



DIV. OF OIL, GAS & MINING

Exhibit "B"
Federal Surety Bond
Federal

RECEIVED

OCT -5 2011

PAUL PICCOLINI

EXHIBIT "B"

**Bonding Agreement
Surety Bond**

(Federal Coal)

Surety Bond Number ISM-2952

EXHIBIT "B"
SURETY BOND
(FEDERAL COAL)
--ooOOoo--

This **SURETY BOND** entered into and by and between the undersigned **PERMITTEE / PRINCIPAL, GENWAL RESOURCES, INC.**, and **SURETY** ^{Rockwood Casualty} ~~Insurance Company~~, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (hereafter referred to as the "**DIVISION**"), and the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement (hereafter referred to as "**OSM**") in the penal sum of Two Hundred Eighty-Six Thousand, One Hundred Ninety-Six Dollars (\$286,196.00) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the Permittee as to the East Mountain Emergency Drill Pads within the Bonded Area described in Exhibit "A" of that certain **RECLAMATION AGREEMENT**, dated the 14th day of March, 1995, by and between the **DIVISION** and the **PERMITTEE/PRINCIPAL**.

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE'S/ PRINCIPAL'S** reclamation obligations as to the East Mountain Emergency Drill Pads have been met and released by the **DIVISION** with the concurrence of **OSM** and is conditioned upon faithful performance of all of the requirements of the Utah Coal Mining Reclamation Act, Utah Code Ad. §40-12-2 et. seq. (the **ACT**), the Surface Mine Control and Reclamation Act ("**SMCRA**"), and all lawful regulation adopted under the authority of those statutes, and the approved Permit (which is based upon the approved Permit Application Package).

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the **PERMITTEE/PRINCIPAL** during the period of liability.

The **SURETY** and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the **DIVISION** and **OSM** from any and all expenses which the **DIVISION** may sustain as a result of the **PERMITTEE'S/PRINCIPAL'S** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE/PRINCIPAL**, the **DIVISION** and **OSM** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY'S** license.

Upon incapacity of the **SURETY** by reason of bankruptcy, or suspension or revocation of license, the **PERMITTEE/PRINCIPAL** shall be deemed to be without Bond coverage in violation of state and federal law and subject to enforcement in accordance with **SMCRA**, the **ACT**, and the applicable regulations.

Exhibit "B"
Federal Surety Bond
Federal

Surety Bond Number ISM-2952
Mine Name/Number Crandall Canyon Mine, C/015/0032

The terms for release of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE/PRINCIPAL** in the **RECLAMATION AGREEMENT**, incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

In the event the Utah Cooperative Agreement is terminated, this **SURETY BOND** shall be payable only to the OSM to the extent that lands covered by the Federal Lands Program are involved and otherwise to the **DIVISION**.

IN WITNESS WHEREOF, the **PERMITTEE/PRINCIPAL** has hereunto set its signature and seal this 6th day of October, 2011.

GENWAL RESOURCES, INC.

By: David W. Hibbs
David Hibbs
Title: President

IN WITNESS WHEREOF, the **SURETY** has hereunto set its signature and seal this 3rd day of October, 2011.

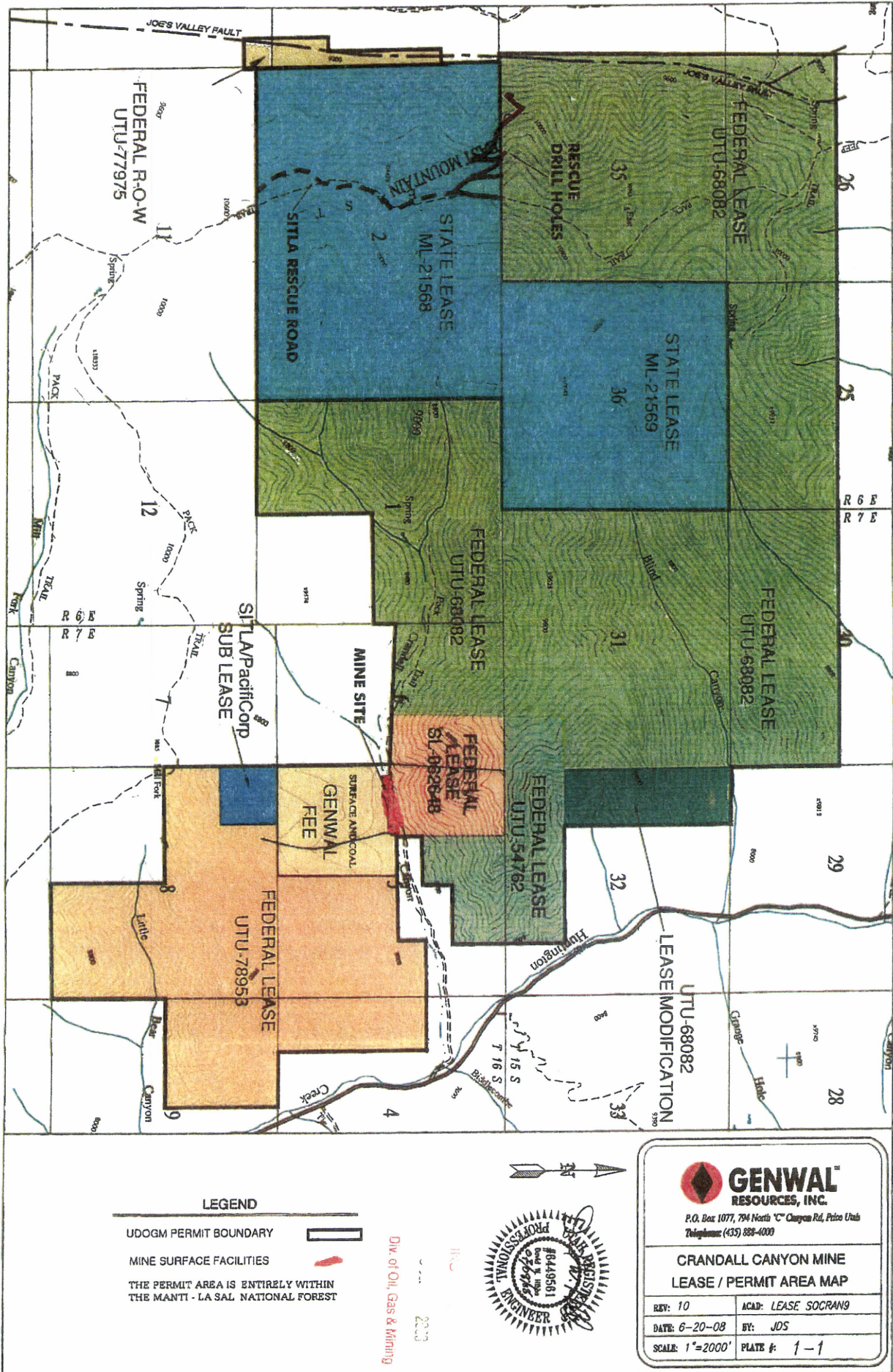
Rockwood Casualty Insurance Company
SURETY

By: John P. Yediny
John P. Yediny
Title: President & Atty-in-Fact

SURETY BONDING AGREEMENT ACCEPTED BY THE STATE OF UTAH:

John R. By
Director
Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent\or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with the Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.



Surety Bond Number ISM-2953

EXHIBIT "B"
SURETY BOND
(FEDERAL COAL)
--ooOOoo--

This **SURETY BOND** entered into and by and between the undersigned **PERMITTEE/PRINCIPAL, GENWAL RESOURCES, INC.**, and **SURETY** Rockwood Casualty Insurance Company, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (hereafter referred to as the "**DIVISION**"), and the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement (hereafter referred to as "**OSM**") in the penal sum of Ninety-Five Thousand, Two Hundred Seventy-Nine Dollars (\$95,279.00) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the Permittee as to the SITLA Access Road – East Mountain, within the Bonded Area described in Exhibit "A" of that certain **RECLAMATION AGREEMENT**, dated 14th day of March, 1995, by and between the **DIVISION** and the **PERMITTEE/PRINCIPAL**.

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE'S/PRINCIPAL'S** reclamation obligations as to the SITLA Access Road – East Mountain -- have been met and released by the **DIVISION** with the concurrence of **OSM** and is conditioned upon faithful performance of all of the requirements of the Utah Coal Mining Reclamation Act, Utah Code Ad. §40-12-2 et. seq. (the **ACT**), the Surface Mine Control and Reclamation Act ("**SMCRA**"), and all lawful regulation adopted under the authority of those statutes, and the approved Permit (which is based upon the approved Permit Application Package).

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the **PERMITTEE/PRINCIPAL** during the period of liability.

The **SURETY** and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the **DIVISION** and **OSM** from any and all expenses which the **DIVISION** may sustain as a result of the **PERMITTEE'S/PRINCIPAL'S** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE/PRINCIPAL**, the **DIVISION** and **OSM** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY'S** license.

Upon incapacity of the **SURETY** by reason of bankruptcy, or suspension or revocation of license, the **PERMITTEE/PRINCIPAL** shall be deemed to be without Bond coverage in violation of state and federal law and subject to enforcement in accordance with **SMCRA**, the **ACT**, and the applicable regulations.

Exhibit "B"
Federal Surety Bond
Federal

Surety Bond Number ISB-2953
Mine Name/Number Crandall Canyon Mine, C/015/0032

The terms for release of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE/PRINCIPAL** in the **RECLAMATION AGREEMENT**, incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

In the event the Utah Cooperative Agreement is terminated, this **SURETY BOND** shall be payable only to the OSM to the extent that lands covered by the Federal Lands Program are involved and otherwise to the **DIVISION**.

IN WITNESS WHEREOF, the **PERMITTEE/PRINCIPAL** has hereunto set its signature and seal this 6th day of October, 2011.

GENWAL RESOURCES, INC.

By: David W. Hibbs
David Hibbs
Title: President

IN WITNESS WHEREOF, the **SURETY** has hereunto set its signature and seal this 3rd day of October, 2011.

Rockwood Casualty Insurance Company
SURETY

By: John P. Yediny
John P. Yediny
Title: President & Atty-in-Fact

SURETY BONDING AGREEMENT ACCEPTED BY THE STATE OF UTAH:

John R. By
Director
Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent\or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with the Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

Surety Bond Number ISM-2954

EXHIBIT "B"
SURETY BOND
(FEDERAL COAL)
--ooOOoo--

This **SURETY BOND** entered into and by and between the undersigned **PERMITTEE/PRINCIPAL, GENWAL RESOURCES, INC.**, and **SURETY** Rockwood Casualty Insurance Company, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (hereafter referred to as the "**DIVISION**"), and the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement (hereafter referred to as "**OSM**") in the penal sum of Twenty-Five Thousand, Eight Hundred Dollars (\$25,800.00) (Surety Bond Amount) for escalation costs associated with the reclamation responsibilities of the Permittee as to disturbance of the East Mountain portion the Bonded Area described in Exhibit "A" of that certain **RECLAMATION AGREEMENT**, dated the 14th day of March, 1995, by and between the **DIVISION** and the **PERMITTEE/PRINCIPAL**.

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE'S/PRINCIPAL'S** reclamation obligations have been met and released by the **DIVISION** with the concurrence of **OSM** and is conditioned upon faithful performance of all of the requirements of the Utah Coal Mining Reclamation Act, Utah Code Ad. §40-12-2 et. seq. (the **ACT**), the Surface Mine Control and Reclamation Act ("**SMCRA**"), and all lawful regulation adopted under the authority of those statutes, and the approved Permit (which is based upon the approved Permit Application Package).

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the **PERMITTEE/PRINCIPAL** during the period of liability.

The **SURETY** and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the **DIVISION** and **OSM** from any and all expenses which the **DIVISION** may sustain as a result of the **PERMITTEE'S/PRINCIPAL'S** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE/PRINCIPAL**, the **DIVISION** and **OSM** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY'S** license.

Upon incapacity of the **SURETY** by reason of bankruptcy, or suspension or revocation of license, the **PERMITTEE/PRINCIPAL** shall be deemed to be without Bond coverage in violation of state and federal law and subject to enforcement in accordance with **SMCRA**, the **ACT**, and the applicable regulations.

Exhibit "B"
Federal Surety Bond
Federal

Surety Bond Number ISB-2954
Mine Name/Number Crandall Canyon Mine, C/015/0032

The terms for release of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE/PRINCIPAL** in the **RECLAMATION AGREEMENT**, incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

In the event the Utah Cooperative Agreement is terminated, this **SURETY BOND** shall be payable only to the OSM to the extent that lands covered by the Federal Lands Program are involved and otherwise to the **DIVISION**.

IN WITNESS WHEREOF, the **PERMITTEE/PRINCIPAL** has hereunto set its signature and seal this 6th day of October, 2011.

GENWAL RESOURCES, INC.

By: David W. Hibbs
David Hibbs
Title: President

IN WITNESS WHEREOF, the **SURETY** has hereunto set its signature and seal this 3rd day of October, 2011.

Rockwood Casualty Insurance Company
SURETY

By: John P. Yediny
John P. Yediny
Title: President & Atty-in-Fact

SURETY BONDING AGREEMENT ACCEPTED BY THE STATE OF UTAH:

John R. Byrnes
Director
Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with the Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

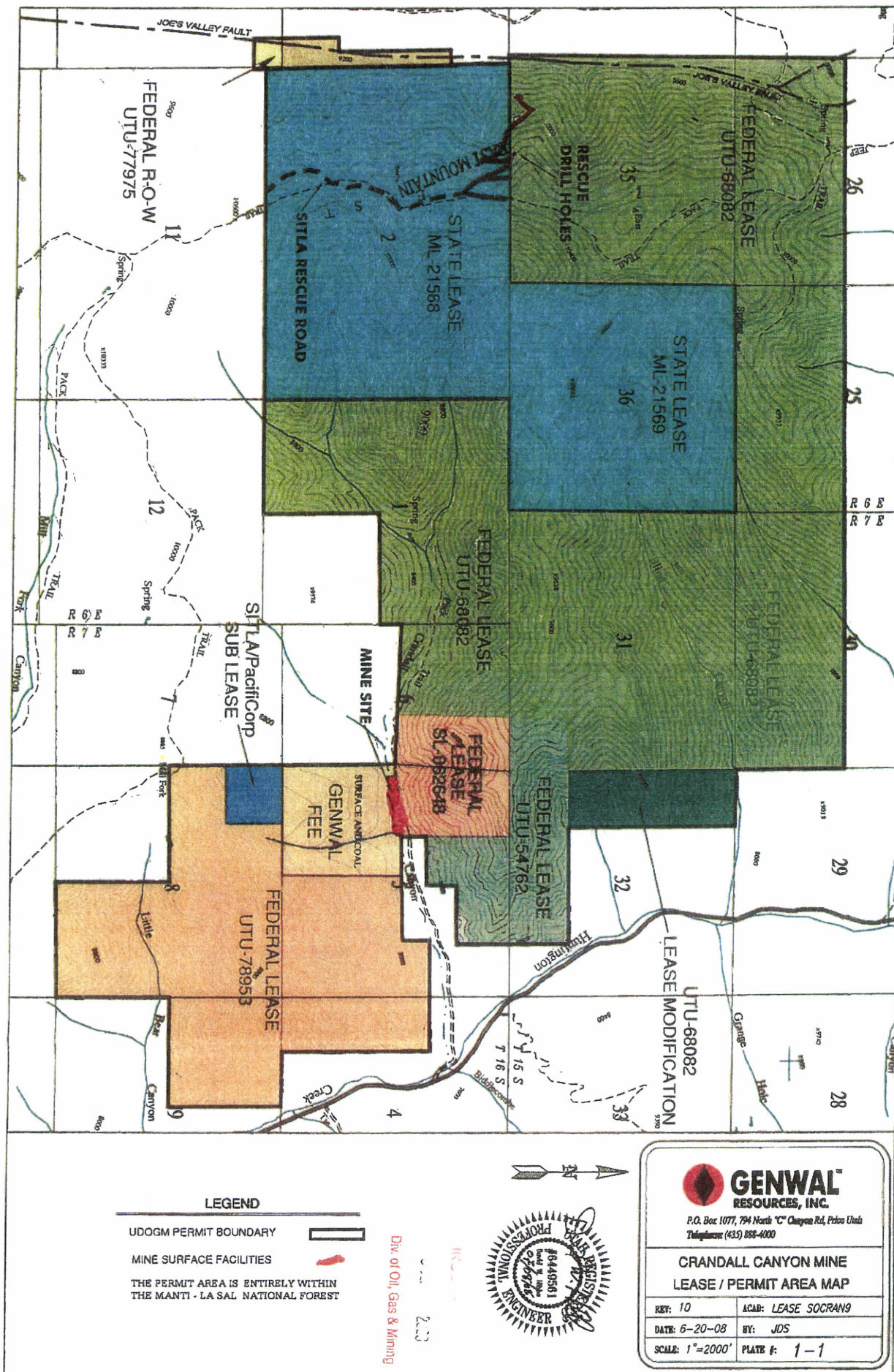


EXHIBIT “D”

Stipulation to Revise Reclamation Agreement (Federal)

Mine Name: Crandall Canyon Mine
Permit Number: C/015/0032
Effective Date: 10/3/11
Bond Number: ISM-2954

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT
--ooOOoo--

This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

Genwal Resources, Inc., is replacing the Pledge Agreement dated May 23, 2008, by IPA with surety bonds to secure the reclamation liability of \$407,275.00.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

- ☐ Replace the Reclamation Agreement in its entirety.
- ☐ Replace Exhibit "A"- bonded area.
- ☒ Rider added to existing Exhibit "B"- bonding agreement
- ☐ Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ _____ to \$ _____

The bonding type is changed from Pledge of U.S. Treasury Notes to Surety Bonds for:
(i) East Mountain emergency drilling pads, \$286,196;
(ii) SITLA Access Road – East Mountain, \$95,279; and
(iii) Escalation costs associated with East Mountain bond, \$25,800.

The surface disturbance is revised from _____ acre to _____ acres.

The expiration date is revised from _____ to _____.

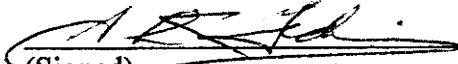
The liability insurance carrier is changed from _____ to _____.

Bond Number ISM-2954

**AFFIDAVIT OF QUALIFICATION
SURETY COMPANY**

--ooOOoo--

I, John P. Yediny, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) President of Rockwood Casualty Insurance Company; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said SURETY COMPANY is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations herein.

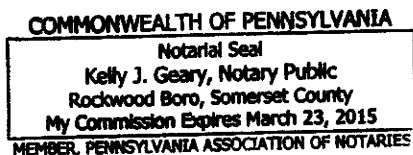

(Signed) John P. Yediny, President
Surety Company Officer - Position

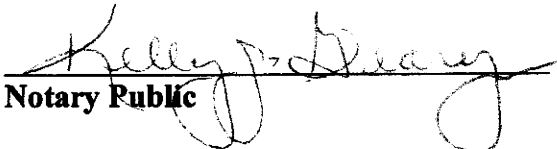
Attest:

STATE OF Pennsylvania)

COUNTY OF Somerset) ss.

Subscribed and sworn to before me this 3rd day of October, 20 11.




Notary Public

My Commission Expires:

March 23, 20 15.

**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

--ooOOoo--

I, David W. Hibbs, being first duly sworn under oath, deposes and says that he is the President of GENWAL RESOURCES, INC. and that he is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

David W. Hibbs

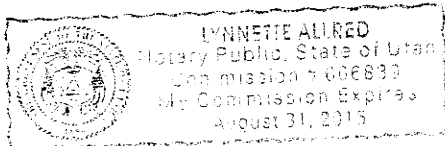
David W. Hibbs
President

Attest: _____
Secretary of the Corporation

STATE OF Utah)

COUNTY OF Carbon) ss.

Subscribed and sworn to before me this 16th day of October, 2011.



Lynnette Allred
Notary Public

My Commission Expires:

August 31, 2015.

ROCKWOOD CASUALTY INSURANCE COMPANY

**654 Main Street
Rockwood, PA 15557**

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the ROCKWOOD CASUALTY INSURANCE COMPANY, a Corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania and having its principal office in the Borough of Rockwood, PA does hereby nominate, constitute and appoint:

John P. Yediny

its true and lawful agent and attorney-in-fact, to make, execute, seal and deliver for and on its behalf as surety, and as its act and deed any and all bonds, contracts, agreements of indemnity and other undertakings in suretyship (NOT INCLUDING bonds without a fixed penalty or financial guarantee) provided, however, that the penal sum of any one such instrument executed hereunder shall not exceed the sum of:

Five hundred thousand and 00/100-----(\$500,000.00)

This Power of Attorney is granted and is signed and sealed under and by the authority of the following Resolution adopted by the Board of Directors of ROCKWOOD CASUALTY INSURANCE COMPANY:

"RESOLVED, That the President, Senior Vice President, Vice President, Assistant Vice President, Secretary, Treasurer and each of them hereby is authorized to execute powers of attorney, and such authority can be executed by use of facsimile signature, which may be attested or acknowledged by any officer or attorney, of the Company, qualifying the attorney or attorneys named in the given power of attorney, to execute in behalf of, and acknowledge as the act and deed of the ROCKWOOD CASUALTY INSURANCE COMPANY, all bond undertakings and contracts of suretyship, and to affix the corporate seal thereto."

IN WITNESS WHEREOF, ROCKWOOD CASUALTY INSURANCE COMPANY has caused its official seal to be hereunto affixed and these presents to be signed by its duly authorized officer the 11th day of April, 2011

ROCKWOOD CASUALTY INSURANCE COMPANY

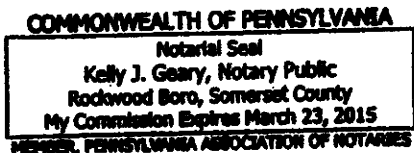
By 

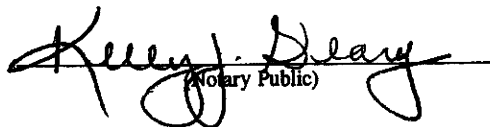
Philip S. Kift, Vice President

STATE OF PENNSYLVANIA
COUNTY OF SOMERSET SS:

On this 11th day of April A.D. 2011, before me, a Notary Public of the Commonwealth of Pennsylvania, in and for the County of Somerset, duly commissioned and qualified, came THE ABOVE OFFICER OF THE COMPANY, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and he acknowledged the execution of same, and being by me duly sworn, deposed and said that he is the officer of the said Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said corporation, and that Resolution adopted by the Board of Directors of said Company, referred to in the preceding instrument is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my Official Seal at the Borough of Rockwood, the day and year first above written.




(Notary Public)

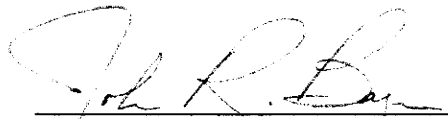
I, the undersigned Officer of the ROCKWOOD CASUALTY INSURANCE COMPANY, a Pennsylvania Corporation of Rockwood, PA, do hereby certify that the original POWER OF ATTORNEY of which the foregoing is a full, true and correct copy is still in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand, and affixed the Seal of said Company, on the 3rd day of October, 2011.


Kurt D. Tipton, Sr. Vice President

**AFFIDAVIT OF QUALIFICATION
DIRECTOR
--ooOOoo--**


John R. Baza, being first duly sworn under oath, deposes and says that he is the Director for the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that he is duly authorized to execute and deliver the foregoing obligations; and that said Director is authorized to execute the same by authority of laws on behalf of the State of Utah.



John R. Baza
Director, Division of Oil, Gas and Mining

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

Subscribed and sworn to before me this 22 day of October 2014.


Notary Public

My Commission Expires:

1/05/15, 2015.